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OHIO

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SELECT COMMITTEE ON ETHICS

United States Senate

WASHINGTON, DC 20510

July 27, 2010

Mr. Brian Moynihan
Bank of America
100 North Tryon Street
Charlotte, N.C. 28255

Mr. Vikram Pandit
Citigroup
399 Park Avenue
New York, N.Y. 10043

Mr. James Dimon
JPMorgan Chase & Co.
270 Park Avenue
New York, N.Y. 10017

Mr. John Stumpf
Wells Fargo
420 Montgomery Street
San Francisco, CA 94104

Dear Messrs. Moynihan, Pandit, Dimon, and Stumpf,

I write to you today regarding an issue of national importance and one of particular concern to my constituents in Ohio: the ongoing foreclosure crisis.

Your banks all recorded profits during the second quarter of this year, but many Ohio families are struggling just to keep their homes. My state had a record 89,053 foreclosures in 2009. Nearly one in six mortgage holders in Ohio is either in foreclosure or 30 days past due. Nearly one in three home sales is a troubled property, and the average sale price of these properties is almost 40 percent less than market value. These numbers are troubling. Equally alarming are the calls and letters that my office regularly receives from homeowners frustrated by their experiences when they attempt to solve their mortgage-related difficulties in a responsible manner.

Former FDIC Chair Bill Isaac has pointed out that our nation's largest banks are "too big to manage, and too big to regulate." I share these concerns about the problems created by the size and complexity of your institutions, particularly as they affect your ability to help Ohio families save their homes. My office has received a disproportionate number of complaints from constituents about the ability or willingness of the largest banks and their third party mortgage servicers to work with homeowners to avoid foreclosure through both affordable mortgage modifications under the Home Affordable Modification Program (HAMP) and short sales under the Home Affordable Foreclosure Alternatives (HAFA) Program. I have received few complaints about Ohio's regional or community banks.

Specifically, I have heard from homeowners who are frustrated with their experiences working with your banks or their servicers on HAMP modifications and HAFA short sales. Their complaints include:

- Having their mortgages put in arrears while they are enrolled in trial HAMP modifications, so that they are hit with late penalties and past due amounts that have accrued over the course of the trial period when their applications for permanent modifications are rejected;
- Being placed into trial HAMP modifications while simultaneously being subjected to the foreclosure process;
- Being asked to repeatedly complete and resend the same information for their HAMP application;
- Receiving contradictory answers to their questions when they call to ask for assistance;
- Failing to receive responses to their requests for information concerning the status, progress, and disposition of their HAMP applications and HAFA requests;
- Being subjected to a long, drawn-out HAFA short sale process; and
- Being denied permanent HAMP modifications after making all of the required trial payments.

Understandably, these constituents feel that banks and servicers are not acting in good faith to resolve mortgage issues in a manner consistent with the stated intents of the HAMP and HAFA programs. Some of the events that have been described to me create the appearance that banks or servicers could be using trial modifications to extract additional payments from homeowners prior to foreclosing on their homes.

It is in your banks' interest to work with responsible borrowers to help them stay in their homes or find other suitable alternatives to foreclosure. Consequently, I ask you to consider the difficulties that Ohioans have described, above, and to take a hard look at your institutions' ability to communicate amongst your various subsidiaries and affiliates, your responsiveness to homeowners' communications, and the degree to which any shortcomings in these areas are hindering the mortgage modification and short sale processes. For example, consider the effects that fee arrangements and other economic incentives have on the mortgage modification process as your third party mortgage servicing contracts come up for re-negotiation to ensure that these agreements are promoting, and not hindering, modifications. I urge you to take aggressive steps to relieve the burden on the honest, hard-working, middle-class Ohioans who want to save their homes and fulfill the American dream.

Our nation is still recovering from the greatest financial crisis since the Great Depression. Your willingness to address these challenges will have a substantial effect on this recovery in Ohio and across the nation. I look forward to hearing from you regarding this urgent matter.

Sincerely,


Sherrod Brown
United States Senate

Cc: Herbert M. Allison, Jr., Assistant Secretary for Financial Stability, United States Department of the Treasury